



**City and County of Honolulu  
Department of Transportation Services  
Disadvantaged Business Enterprise (DBE)  
Three-Year Overall Goal**

**For the  
Federal Fiscal Years (FFYs) 2017, 2018, 2019**

**August 1, 2016**

## **Table of Contents**

Section I – INTRODUCTION.....	3
Section II – BACKGROUND .....	3
Section III – FTA-ASSISTED CONTRACTING PROGRAM FFYs 2017-2019 .....	4
Section IV – GOAL METHODOLOGY .....	5
Section V – PROPOSED OVERALL DBE GOAL.....	7
Section VI – RACE-NEUTRAL IMPLEMENTATION MEASURES .....	8
Section VII – CONSULTATION AND PUBLICATION .....	8

## **I. INTRODUCTION**

The Department of Transportation Services (DTS) in accordance with Title 49, Code of Federal Regulations, Part 26 (49 CFR Part 26), has set an overall goal for Disadvantaged Business Enterprise (DBE) participation in Department of Transportation (USDOT) assisted contracts in Federal Fiscal Years (FFYs) 2017, 2018, 2019. This is based on demonstrable evidence of the availability of ready, willing and able DBEs relative to all other firms able to participate on our USDOT funded contracts. The goal reflects the level of DBE participation expected absent the effects of discrimination in DTS contracting activities, and will be reviewed and adjusted, as necessary over the life of the project.

## **II. BACKGROUND**

As a recipient of USDOT Federal Transit Administration (FTA) funding, and as a condition of receiving this assistance, DTS has signed an assurance with the USDOT that it will comply with 49 CFR Part 26.

DTS will utilize a 14.65 percent DBE overall goal in FFYs 2017-2019. DTS proposes to meet this goal by 8.65 percent race-neutral means (RN) participation and by 6 percent race-conscious means (RC) participation.

For the anticipated USDOT funded contracts over the next three FFYs, the number of ready, willing and able DBEs relevant to the category of work is limited. It is anticipated that the projected six percent RC participation will result in DBE participation. In the likelihood that the DBE participation exceeds DTS' overall goal in two consecutive years, through RC, DTS will reduce the use of contract goals proportionately in the following year.

### III. FTA-ASSISTED CONTRACTING PROGRAM FOR FFY 2017-2019

Table 1 shows the three transit safety and security related projects planned for the three fiscal years:

**Table 1**

#### **FTA-ASSISTED CONTRACTING PROGRAM FOR FFYs 2017-2019**

<b>Name of Programs</b>	<b>FTA Share 80%</b>	<b>LOCAL Share 20%</b>	<b>Projected Total Cost</b>
<b>FFY 2017</b> Installation of parking gates at Kalihi-Palama Bus Facility	\$330,000	\$86,000	\$416,000
<b>FFY 2018</b> Upgrade security camera systems at the Kalihi- Palama Bus Facility	\$330,000	\$86,000	\$416,000
<b>FFY 2019</b> Upgrade security camera systems at the Pearl City Bus Facility	\$330,000	\$86,000	\$416,000

Table 2 is a summary of work categories and estimated values by the North American Industry Classification System (NAICS) Code. The estimated FTA percentage will be derived by using NAICS codes for purposes of weighting the categories of work based on staff estimates.

**Table 2**

<b>Category of Work</b>	<b>NAICS Code</b>	<b>Estimated FTA Dollars by NAICS</b>	<b>Estimated FTA% by NAICS Code (Weighted)</b>
Electrical Contractors	238210	FFY 2017 \$33,000 FFY 2018 \$33,000 FFY 2019 \$33,000	10%
SUBTOTAL		\$99,000	
Highway, Street and Bridge Construction	237310	FFY 2017 \$297,000 FFY 2018 \$297,000 FFY 2019 \$297,000	90%
SUBTOTAL		\$891,000	
TOTAL		\$990,000	100%

#### IV. GOAL METHODOLOGY

##### A. Step One: Determination of a Base Figure

DTS gathered data from the DTS Bidder's List to establish its DBE base figure of ready, willing and able DBEs relative to all comparable establishments (DBE and Non-DBE). "Ready, willing and able DBEs" is defined as certified DBE firms that have participated in the bidding process for FTA-assisted contracts. The DTS bidder's list included all establishments (DBE and Non-DBE), which submitted bids in the past five years as prime contractors and subcontractors from FFYs 2011 to 2015. Table 3 is the bidder's list summary showing the applicable work categories of the total number of ready, willing and able DBEs and Non-DBEs.

**Table 3**

<b>NAICS Code</b>	<b>Number of DBEs from Bidder's List*</b>	<b>Number of All Establishments in Hawaii**</b>	<b>Relative Availability</b>
238210	1	203	0.5%
237310	3	41	7.3%

Relative availability of each work category was weighted to derive a weighted ratio figure in Table 4. The total weighted ratio figure is the Step One Base Figure.

**Table 4**

<b>NAICS Code</b>	<b>Category Weight</b>	<b>X (Multiplied)</b>	<b>Relative Availability</b>	<b>Weighted Ratio Figure</b>
238210	10%	X	0.5%	0.05%
237310	90%	X	7.3%	6.57%
TOTAL	100%			6.62% Rounded 6.6%

The result of the Step One Base Figure calculation is 6.6 percent.

\*Bidder's List from the City and County of Honolulu Purchasing Division, Department of Budget and Fiscal Services

\*\*Latest data available from 2014 Geography Area Series: County Business Patterns for Hawaii at: <http://www.census.gov/econ/cbp/index.html>

## B. Step Two: Adjusting the Base Figure

Upon establishing the Base Figure, DTS reviewed and applied the median past participation percentage during the past five federal fiscal years. Table 5 reflects past participation measured by actual historical DBE achievements on FTA-assisted contracts awarded by DTS.

**Table 5**

	FFY 2011	FFY 2012	FFY 2013	FFY 2014	FFY 2015
Overall DBE Goal	9%	9%	9%	10.47%	10.47%
Race Conscious Means	0%	0%	0%	4.29%	4.29%
Race Neutral Means	9%	9%	9%	6.18%	6.18%
DBE Achievement	18.5%	100%	22.7%	26.0%	100%

Table 6 reflects the median DBE achievement from Table 5.

**Table 6**

	FFY 2011	FFY 2013	FFY 2014
Median Achievements	18.5%	22.7%	26.0%

Table 7 reflects the adjustment of Step One Base Figure with the median past participation.

**Table 7**

Median Past Participation	Step One Base Figure	Step One Base Figure Adjusted for Past Participation	DBE Three Year Overall Goal
22.7%	6.6%	$(6.6\% + 22.7\%) / 2 =$	14.65%

## V. PROPOSED OVERALL DBE GOAL

The final proposed overall DBE Goal for FFYs 2017-2019 is 14.65 percent.

DTS calculated the RC and RN projection split by using the Disparity Index from the 2010 Hawaii Department of Transportation Disparity Study (Study).

Table 8 shows the Study's disparity index which was used to determine the RC and RN projections.

**Table 8**

All Industries, Modes and DBE Type	Utilization	Availability	Disparity Index
AFRICAN AMERICAN	0.16	1.08	14.00
HISPANIC	0.30	2.60	11.50
NATIVE AMERICAN	7.52	11.75	64.00
NON-MINORITY FEMALE	0.55	5.41	10.20
DBE TOTAL	8.53	20.84	40.93

RN and RC Projection Methodology:

1. Multiply 14.65 percent (DBE Goal) by 40.93 percent (Disparity Index) to determine RC percent projection:

$$14.65 \text{ percent} \times 40.93 \text{ percent} = 6 \text{ percent RC}$$

2. Subtract RC percentage from DBE Goal to determine RN percentage:

$$14.65 \text{ percent} - 6 \text{ percent RC} = 8.65 \text{ percent RN}$$

**Overall DBE Goal 14.65 percent**

Race Neutral Means	Race Conscious Means
8.65%	6%

## **VI. RACE-NEUTRAL IMPLEMENTATION MEASURES**

DTS will meet the maximum feasible portion of its overall goal through RN means by the following:

1. Encourage DBEs, small businesses, minority, and women businesses to register and receive contract opportunity notices and details through the City and County of Honolulu's (City) Department of Budget and Fiscal Services' website.
2. DTS will host and participate in workshops and outreach events for the DBE firms, small businesses, minority, and women businesses to educate and inform attendees of various DBE opportunities, DBE certification requirements and potential City contract opportunities.
3. DTS will arrange solicitation times for presentation of bids, quantity specifications, and delivery schedules that will facilitate the participation of DBEs and other small businesses. This may include unbundling large contracts, and encouraging prime contractors to subcontract portions of their work that they may otherwise perform with their own resources.
4. DTS will provide information and technical assistance to DBEs and other small businesses.
5. DTS will make available the DBE Directory through print and electronic means as needed.

## **VII. CONSULTATION AND PUBLICATION**

In accordance with Title 49 CFR §26.45, a public meeting was held on May 6, 2016 at the City's Mission Memorial Auditorium. Minority, women's businesses, community organizations and general contractor groups were invited to provide information on the proposed triennial goal setting process, and the City's efforts to establish a level playing field for DBE participation.

A public notice was issued in the local newspaper, the Honolulu Star-Advertiser, on June 3, 2016. A notice was also posted on the DTS' website.

The public was provided an opportunity to inspect the DBE overall goal and its rationale during normal business hours at the DTS, 650 South King Street, 3rd Floor, Honolulu, Hawaii, for a 30-day comment period.